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LISTING STATEMENT No. 2175

LISTED SEPTEMBER 10th, 1964
1,100,000 shares without par value
Ticker abbreviation "KEL"
Dial ticker number 2072
Post section 7.3

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

KELSEY WHEEL COMPANY, LIMITED

Incorporated under the laws of the Province of Ontario
by Letters Patent, dated April 15, 1913.

Shares Without Par Value

CAPITAL SECURITIES AS AT SEPTEMBER 1, 1964

| | AUTHORIZED | ISSUED AND OUTSTANDING | TO BE LISTED |
|-------------------------------|------------|---------------------------|-------------------|
| Shares without par value..... | 1,500,000 | 1,100,000 | 1,100,000 |
| | | | September 1, 1964 |

1. APPLICATION

KELSEY WHEEL COMPANY, LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,100,000 shares without par value (hereinafter called the "Shares"), all of which are issued and outstanding as fully paid and non-assessable shares.

2. REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus dated July 30, 1964, with respect to an offering of 300,000 of the shares, a copy of which prospectus is hereby incorporated herein and made a part hereof, and referred to for additional information in connection with this application.

3. HISTORY AND BUSINESS

The Company was incorporated under the laws of the Province of Ontario in 1913, and since that time has had its head office and plant in Windsor, Ontario.

On January 20, 1961, the Company acquired control of its wholly-owned subsidiary, Eureka Foundry and Manufacturing Co. Limited, Woodstock, Ontario, (hereinafter called the "Subsidiary Company").

Together with the Subsidiary Company, the Company is the largest independent manufacturer in Canada of a wide range of light and heavy duty rolled and cast steel wheels, hubs, brake-drums and hub and drum assemblies for the automotive and farm machinery industries. In addition, the Subsidiary Company does undertake some custom iron casting work.

The Company is a subsidiary of Kelsey-Hayes Company, Romulus, Michigan, U.S.A., which is a leading manufacturer in the United States of wheels, hubs, brake-drums, hub and drum assemblies and other components for the automotive original equipment and replacement markets as well as being an important producer of precision components for the aerospace industry, specialty parts for agricultural tractors and implements and high quality hand tools for industrial and home use.

4. **INCORPORATION AND CAPITAL CHANGES**

The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated April 15, 1913, with an authorized capital of \$150,000 divided into 500 7% preferred accumulative shares of \$100 each, and 1,000 shares of \$100 each. Supplementary Letters Patent were issued to the Company on the following dates for the following purposes:

September 24, 1915: The authorized capital of the Company was increased to \$250,000 by the creation of 1,000 additional shares of \$100 each.

November 20, 1951: The authorized capital of the Company was decreased to \$200,000 by cancelling the 55 issued preference shares of \$100 each and authorizing the payment back to the holders thereof of the sum of \$100 per share; and by cancelling the 445 unissued preference shares of \$100 each.

July 6, 1964: The previously authorized and issued 2,000 shares of \$100 each were changed and subdivided into 1,000,000 shares without par value, and the authorized capital of the Company was increased by the creation of 500,000 additional shares without par value ranking pari passu with the 1,000,000 issued shares without par value.

5. **OPINION OF COUNSEL**

Messrs. McPherson, Prince & Geddes, Windsor, Ontario, have filed in support of this application an opinion stating that the Company has been duly organized and is a valid and subsisting company incorporated under the laws of the Province of Ontario, and that the authorized capital of the Company consists of 1,500,000 shares without par value, of which 1,100,000 shares have been validly issued and are outstanding as fully paid and non-assessable shares.

6. **SHARES ISSUED DURING PAST TEN YEARS**

The Company has not issued any shares during the past ten years other than 100,000 shares without par value which were allotted and issued to McLeod, Young, Weir & Company Limited on August 25, 1964, in accordance with the underwriting agreement referred to in the attached prospectus.

7. **DIVIDEND RECORD**

During the fiscal years 1955 to 1964 inclusive, the following cash dividends have been paid by the Company on its shares:

| FISCAL YEAR ENDING AUGUST 31 | PAYMENT DATE | AMOUNT PER SHARE | AGGREGATE |
|------------------------------------|-------------------|---------------------|-----------|
| 1955 | December 1, 1954 | \$175 | \$350,000 |
| 1956 | December 17, 1955 | 250 | 500,000 |
| 1957 | October 16, 1956 | 200 | 400,000 |
| 1958 | October 29, 1957 | 200 | 400,000 |
| 1959 | October 21, 1958 | 150 | 300,000 |
| 1960 | October 20, 1959 | 200 | 400,000 |
| 1961 | October 18, 1960 | 150 | 300,000 |
| 1962 | October 24, 1961 | 150 | 300,000 |
| 1963 | October 22, 1962 | 150 | 300,000 |
| 1964 | October 29, 1963 | 300 | 600,000 |

8. **SUBSIDIARY COMPANY**

The Subsidiary Company, Eureka Foundry and Manufacturing Co. Limited, is a company incorporated by Letters Patent dated April 5, 1943, pursuant to the laws of the Province of Ontario. The nature of the business of the Subsidiary Company is the same as that of the Company, in addition to which it also does some custom iron casting work. The authorized capital of the Subsidiary Company consists of 38,000 5% redeemable preference shares of the par value of \$10 each and 100,000 common shares of the par value of \$1 each of which 15,000 of said preference shares and 45,000 of said common shares are issued and are outstanding as fully paid and non-assessable shares. All the said issued shares of the Subsidiary Company, other than Directors' qualifying shares are owned by the Company.

9. **FUNDED DEBT**

The Company has at the present time no funded debt. However, the Company proposes to issue \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds in accordance with a letter agreement dated June 24, 1964, referred to in the attached prospectus.

10. **OPTIONS UNDERWRITINGS, ETC.**

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of like nature with respect to any unissued shares or any issued shares held for the benefit of the Company.

This Prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.

ADDITIONAL AND
OUTSTANDING ISSUE

300,000 Shares

without par value

Kelsey Wheel Company, Limited

(Incorporated under the laws of Ontario)

Transfer Agent and Registrar:

National Trust Company, Limited, Toronto, Montreal, Winnipeg and Vancouver

Application for the listing on The Toronto Stock Exchange of the shares without par value in the capital stock of Kelsey Wheel Company, Limited to be outstanding has been approved, subject to the filing of documents and evidence of satisfactory distribution within 90 days of the date of this prospectus.

Of the shares offered hereby, 100,000 shares are treasury shares and the proceeds thereof will be paid into the treasury of the Company. The balance of the shares offered hereby are being purchased from the minority shareholder of the Company and no part of the proceeds thereof will be received by the Company.

In the opinion of Counsel, the shares offered hereby will be an investment in which the Canadian and British Insurance Companies Act states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act.

We, as principals, offer these 300,000 shares without par value in the capital stock of Kelsey Wheel Company, Limited, subject to prior sale and change in price, if, as and when issued and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. McPherson, Prince & Geddes, Windsor, Ontario, and on our behalf by Messrs. Wahn, Mayer, Smith, Creber, Lyons, Torrance & Stevenson, Toronto, Ontario.

PRICE: \$10.00 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive share certificates will be available for delivery on or about August 25, 1964.

McLEOD, YOUNG, WEIR & COMPANY
LIMITED

Toronto

Montreal

Ottawa

Winnipeg

London

Vancouver

Hamilton

Calgary

Kitchener

Quebec

Sherbrooke

Windsor

Edmonton

New York

MCLEOD, YOUNG, WEIR & COMPANY LIMITED,
50 King Street West,
Toronto 1, Ontario.

Dear Sirs:

In connection with your offering to the public of 300,000 shares without par value in the capital stock of Kelsey Wheel Company, Limited (herein sometimes called the "Company"), we are pleased to provide the following information regarding the business and affairs of the Company:

The Company

Kelsey Wheel Company, Limited was incorporated under the laws of the Province of Ontario in 1913 and has its head office and plant in Windsor, Ontario. Together with its wholly-owned subsidiary, Eureka Foundry and Manufacturing Co. Limited, Woodstock, Ontario, control of which was acquired in 1961, the Company is the largest independent manufacturer in Canada of a wide range of light and heavy duty rolled and cast steel wheels, hubs, brake-drums and hub and drum assemblies for the automotive and farm machinery industries. In addition, some iron casting work is handled on a custom basis by the subsidiary company. For the year ended August 31, 1963, consolidated sales of the Company amounted to over \$11,800,000 and for the nine months ended May 31, 1964 were in excess of \$11,600,000.

The Company is a subsidiary of Kelsey-Hayes Company, Romulus, Michigan, U.S.A., which is a leading manufacturer in the United States of wheels, hubs, brake-drums, hub and drum assemblies and other components for the automotive original equipment and replacement markets as well as being an important producer of precision components for the aerospace industry, specialty parts for agricultural tractors and implements and high quality hand tools for industrial and home use. Sales of Kelsey-Hayes Company for the year ended August 31, 1963 totalled approximately \$200,000,000. Further particulars regarding this company are set forth below under the section headed "Parent Company".

Plant Operations

Manufacturing operations of the Company and its subsidiary are carried out in two plants respectively located in Windsor and Woodstock, Ontario. The plant at Windsor is the larger of the two and is situated on a 13.25 acre site. This plant consists of a central two-storey building of brick and steel-frame construction with one and two-storey additions of similar construction and contains in the aggregate 174,000 square feet of manufacturing and office floor space. The plant at Woodstock is situated on a 10.45 acre site and consists of two connected one-storey buildings of concrete block, brick and steel-frame construction and contains in the aggregate 70,700 square feet of manufacturing and office floor space. Both plants are well equipped with steel fabricating machinery and ancillary equipment for the manufacture of the Company's products. They are also served by railway sidings and are equipped with loading bays for the shipment of finished products by freight car and truck transport.

Total manufacturing capacity of the two plants is approximately 30,000 tons of steel products per year of which approximately 80% by sales volume is in the production of wheels, 15% in hubs, brake-drums and hub and drum assemblies and 5% in custom castings. Of the wheel production, approximately 70% is for passenger cars and farm equipment with the balance being for trucks and trailers. Most of the steel used in the manufacture of the Company's product lines is supplied to its specifications by a major Canadian steel producer with whom the Company has had a long and satisfactory customer relationship.

At the present time, in excess of 500 persons are employed at the two plants of whom approximately 450 are hourly rated employees. With the exception of a small number of employees, some of whom are members of the Canadian Union of Operating Engineers, all other hourly rated employees are members of the United Automobile Workers—Committee of Industrial Organisation. Extensive pension, group insurance and medical and hospitalization benefits are provided to the employees at Company expense. Relations with employees, many of whom have a long service record, are excellent which is reflected in a high level of employee and plant efficiency.

Sales

Sales of the Company's products, for the most part, are made directly to original equipment manufacturers in Canada of automobiles, trucks and farm equipment. Such sales are usually made on the basis of annually negotiated prices which remain in effect for such manufacturers' production year and are for quantities for shipment and delivery geared to their production and delivery schedules. In addition to original equipment manufacturers, a small but profitable volume of sales is also made for the replacement market to automotive parts distributors located in major cities across Canada.

Management

The officers of the Company are experienced and well qualified for their managerial responsibilities. Mr. W. A. Harrison is President, General Manager and a Director and has been with the Company since 1921. The other officers of the Company are Mr. C. M. Nash, P.Eng., Vice-President, who has been with the Company since 1922 and Mr. W. C. McIvor, C.A., Secretary-Treasurer and a Director, who has been with the Company since 1950.

Proposed Plant Addition

At the present time the Windsor plant is being operated in excess of designed capacity. To provide the additional capacity required to enable the Company to meet efficiently the present and anticipated future demand for its products, the Company proposes to enlarge its Windsor facilities through the construction of a plant addition. The new plant, which will be of concrete, brick and steel-frame construction with asbestos

siding, will have approximately 130,000 square feet of floor space. It will be equipped with the latest metal forming and fabricating machine tools, automatic welding units, spray painting and drying facilities and material handling equipment required for the manufacture of the Company's products. When completed, the new plant addition will enable the Company to double the present manufacturing capacity of its Windsor plant. The estimated cost of constructing and equipping the plant is approximately \$6,000,000 and it is expected that it will be completed and in operation during the summer of 1965.

Upon completion of the sale and distribution of the 300,000 shares offered by this prospectus and the listing of such shares on The Toronto Stock Exchange, it is expected that the Company will have "a degree of Canadian ownership" within the meaning of the Income Tax Act of Canada. As a result, the Company will be entitled to claim for income tax purposes capital cost allowance (depreciation) at a rate of 50% per annum computed on a straight line basis on the purchase price of new machinery and equipment acquired by the Company prior to June 14, 1965 and while it has "a degree of Canadian ownership". The higher rate of capital cost allowance available to a company with "a degree of Canadian ownership" compares with a rate of 20% per annum on a declining balance basis which can be claimed on machinery and equipment by a company without "a degree of Canadian ownership".

Proposed First Mortgage Bond Issue

To provide part of the funds required to defray the cost of the proposed plant addition referred to above, the Company has entered into a letter agreement dated June 24, 1964 with an institutional investor providing for the sale, at par and accrued interest, of \$5,000,000 principal amount of its 5¾% Ten Year Serial First Mortgage Bonds (herein sometimes called the "Bonds"). The said letter agreement is expressed to be an agreement in principle in which the institutional investor agrees to buy the Bonds from the Company, subject to satisfactory completion of all legal and other details and the other terms and conditions set out in the said letter agreement. The Bonds are to be dated October 1, 1964 and are to mature as to \$500,000 principal amount on October 1 in each of the years 1966 to 1975 inclusive, provided, however, that the Company shall have the right to redeem Bonds prior to maturity on any interest payment date without premium. The letter agreement also provides that the deed of trust and mortgage securing the Bonds will provide that the Company will not make any distribution by way of declaration or payment of dividends, redemption or reduction of capital stock or disbursements of surplus if net current assets, as to be defined in the said deed of trust and mortgage, would be reduced below \$2,500,000 or if the aggregate of such distributions made subsequent to August 31, 1963 would exceed net profit after income taxes, calculated in accordance with accepted accounting principles and procedures, subsequent to that date plus an amount equal to \$600,000.

Under the arrangement with the institutional investor, it is proposed that the Company will issue and deliver the Bonds as funds are required to meet the cost of the plant addition and the new machinery and equipment required for the operation of the plant addition. The Company will pay the institutional investor a stand-by fee of ½ of 1% per annum on the principal amount of the Bonds for which delivery is deferred from time to time, such fee to accrue from October 1, 1964 to the respective dates of delivery.

Purpose of Issue

Of the shares offered by this prospectus, 100,000 shares are treasury shares and the proceeds thereof will be paid into the treasury of the Company. The balance of the shares offered herein are being purchased from the minority shareholder of the Company and the proceeds thereof will not be paid into the treasury of the Company.

The proceeds from the sale of the 100,000 treasury shares, together with the proceeds from the private sale of \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds, when issued and delivered, will be used to defray the capital costs, estimated at approximately \$6,000,000, to be incurred in constructing and equipping the Company's proposed new plant addition.

Capitalization

By Supplementary Letters Patent dated July 6, 1964 the Company's authorized capital was subdivided and increased so that it presently consists of 1,500,000 shares without par value of which 1,100,000 shares will be issued and outstanding after giving effect to the sale of shares offered by this prospectus, as follows:

| | Authorized | To be Outstanding |
|-------------------------------|---------------|-------------------|
| Shares without par value..... | 1,500,000 shs | 1,100,000 shs |

Dividend Policy

It is the intention of the Management of the Company to recommend to the Board of Directors that an initial quarterly dividend of 12½ cents per share be declared for payment on or before December 1, 1964 and (subject to prevailing business conditions and continuing satisfactory earnings) to continue such quarterly dividend payment.

The Company has paid dividends on its capital stock in each year since 1938 except for two years during World War II. The record of dividends paid in the last six fiscal years of the Company is as set forth in paragraph 32 of the accompanying Statutory Information.

Earnings

The following report has been received from the auditors of Kelsey Wheel Company, Limited, Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants.

KELSEY WHEEL COMPANY, LIMITED And Subsidiary Company

Statement of Consolidated Earnings For the Ten Years and Nine Months ended May 31, 1964

| Year Ended August 31 | Earnings before depreciation and taxes on income | Provision for depreciation | Earnings before taxes on income | Provision for taxes on income | Net Earnings |
|--|--|-------------------------------|------------------------------------|----------------------------------|-----------------|
| 1954..... | \$1,125,421 | \$227,246 | \$ 898,175 | \$415,000 | \$ 483,175 |
| 1955..... | 1,470,090 | 227,902 | 1,242,188 | 565,000 | 677,188 |
| 1956..... | 1,055,213 | 261,734 | 793,479 | 365,000 | 428,479 |
| 1957..... | 1,177,770 | 227,505 | 950,265 | 455,000 | 495,265 |
| 1958..... | 771,432 | 194,033 | 577,399 | 265,000 | 312,399 |
| 1959..... | 1,153,074 | 168,363 | 984,711 | 480,000 | 504,711 |
| 1960..... | 871,914 | 157,852 | 714,062 | 365,000 | 349,062 |
| 1961..... | 897,479 | 183,914 | 713,565 | 380,000 | 333,565 |
| 1962..... | 1,197,437 | 195,570 | 1,001,867 | 495,000 | 506,867 |
| 1963..... | 2,045,681 | 213,549 | 1,832,132 | 816,000 | 1,016,132 |
| Nine months ended May 31, 1964..... | 2,241,797 | 193,604 | 2,048,193 | 1,065,000 | 983,193 |

NOTES:

1. The earnings of Eureka Foundry and Manufacturing Co. Limited, the wholly-owned subsidiary company, have been consolidated in the above statement for 1961 (the year of acquisition) and subsequent periods.
2. Reference is made to Note 3 on page 7 of this prospectus relating to restrictions on payment of dividends in certain circumstances.

AUDITORS' REPORT

To the Directors,
KELSEY WHEEL COMPANY, LIMITED.

We have examined the above statement of consolidated earnings of Kelsey Wheel Company, Limited and its subsidiary company for the ten years and nine months ended May 31, 1964. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the above statement supplemented by Notes 1 and 2 thereto presents fairly the consolidated earnings of Kelsey Wheel Company, Limited and its subsidiary company for the ten years and nine months ended May 31, 1964, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Ontario,
July 24, 1964.

(Signed) TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

According to the above statement of consolidated earnings of Kelsey Wheel Company, Limited and its subsidiary company, consolidated net earnings of the Company averaged \$566,515 per annum for the ten years and nine months ended May 31, 1964, \$642,353 per annum for the five years and nine months ended May 31, 1964 and \$1,142,471 for the one year and nine months ended May 31, 1964, respectively equivalent to \$.51, \$.58 and \$1.04 per share for each of the 1,100,000 shares without par value in the capital stock of the Company to be outstanding after giving effect to the sale of shares offered by this prospectus.

Assets

According to the subjoined pro forma consolidated balance sheet of Kelsey Wheel Company, Limited and its subsidiary company as at May 31, 1964 (which gives effect to the transactions set out in the notes thereto) as reported upon by the Company's auditors, Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, consolidated net tangible assets were as follows:

| | | |
|--|-------------|--------------------|
| Current assets..... | \$6,587,965 | |
| Less: Current liabilities..... | 1,776,727 | |
| Net current assets..... | | \$4,811,238 |
| Property, plant and equipment—at cost..... | \$5,567,652 | |
| Less: Accumulated depreciation..... | 4,217,259 | |
| Net fixed assets..... | | 1,350,393 |
| Consolidated net tangible assets..... | | <u>\$6,161,631</u> |

On the basis of the foregoing such consolidated net tangible assets are equivalent to approximately \$5.60 for each of the 1,100,000 shares without par value in the capital stock of the Company to be outstanding after giving effect to the sale of shares offered by this prospectus.

Parent Company

Kelsey-Hayes Company, whose principal office is located in Romulus, Michigan, U.S.A., was incorporated under the laws of the State of Delaware in 1933 and is the successor to a business founded in 1909 as a supplier of wheels to the automotive industry.

While still a leading manufacturer in the United States of wheels, hubs, brake-drums, hub and drum assemblies and other components for the automotive original equipment and replacement markets, Kelsey-Hayes Company has in recent years pursued a programme of diversification and now it is also an important producer of precision components for the aerospace industry, parts for agricultural tractors and implements and high quality hand tools for industrial and home use.

The manufacturing facilities of Kelsey-Hayes Company are widely located in the United States and consist of 7 separate divisions operating a total of 15 plants. Thirteen of these plants are owned outright and are located on a total of approximately 665 acres of land and contain approximately 4,400,000 square feet of floor space and two plants are located on leased premises and contain a total of approximately 1,200,000 square feet of floor space. Approximately 10,000 persons are employed in the plants, branches and executive offices of Kelsey-Hayes Company.

The published balance sheet of Kelsey-Hayes Company as at August 31, 1963 shows that the gross book value, at cost, of fixed assets, was \$83,929,987, resulting, after accumulated depreciation of \$43,477,419, in a net book value of \$40,452,568, that net current assets were \$42,439,553, and that the shareholders' investment, or net book worth, was \$80,340,333.

For the year ended August 31, 1963, net earnings of Kelsey-Hayes Company were \$6,038,420.

Outlook

Based upon anticipated growth in Canada of population and output in the foreseeable future, it is reasonable to assume that the rate of growth of the domestic automotive industry will continue at a satisfactory level and that, as a result, the demand for products of the automotive parts industry should continue to grow at a corresponding rate.

Yours very truly,

(Signed) W. A. HARRISON,
President and General Manager

KELSEY WHEEL COMPANY, LIMITED
And Subsidiary Company

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at May 31, 1964**

After giving effect in the pro forma consolidated balance sheet to the adjustments set out in Note 1

| | Assets | |
|--|-------------------------------|--|
| | Consolidated balance sheet | Pro forma consolidated balance sheet |
| CURRENT ASSETS | | |
| Cash..... | \$2,697,156 | \$3,612,156 |
| Trade accounts receivable, less allowance of \$5,000 for doubtful accounts.. | 1,544,989 | 1,544,989 |
| Inventories of raw materials, work in process, finished products and supplies —at lower of cost (first-in, first-out method) or market..... | 1,312,238 | 1,312,238 |
| Special tooling for current production..... | 12,434 | 12,434 |
| Prepaid taxes, insurance and other expenses..... | 106,148 | 106,148 |
| Total current assets..... | <u>5,672,965</u> | <u>6,587,965</u> |
| PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation | | |
| Land..... | 36,905 | 36,905 |
| Buildings and land improvements..... | 1,088,303 | 1,088,303 |
| Machinery and equipment..... | 4,442,444 | 4,442,444 |
| | <u>5,567,652</u> | <u>5,567,652</u> |
| Less accumulated depreciation..... | 4,217,259 | 4,217,259 |
| Total property, plant and equipment..... | <u>1,350,393</u> | <u>1,350,393</u> |
| THE EXCESS OF COST OF SHARES OF SUBSIDIARY OVER THE BOOK VALUE OF ITS NET ASSETS..... | | |
| | 122,908 | 122,908 |
| | <u><u>\$7,146,266</u></u> | <u><u>\$8,061,266</u></u> |
| Liabilities and Shareholders' Investment | | |
| CURRENT LIABILITIES | | |
| Trade accounts payable..... | \$ 557,590 | \$ 557,590 |
| Payrolls..... | 225,680 | 225,680 |
| Other accrued expenses..... | 251,475 | 241,475 |
| Taxes on income..... | 751,982 | 751,982 |
| Total current liabilities..... | <u>1,786,727</u> | <u>1,776,727</u> |
| SHAREHOLDERS' INVESTMENT | | |
| Capital Stock | | |
| Consolidated balance sheet | | |
| Authorized and issued | | |
| 2,000 shares of \$100 each par value..... | 200,000 | |
| Pro forma consolidated balance sheet (Note 1) | | |
| Authorized 1,500,000 shares without par value | | |
| Issued 1,100,000 shares..... | | 1,125,000 |
| Earnings retained for use in the business | | |
| Balance September 1, 1963..... | 4,776,346 | 4,776,346 |
| Net earnings for nine months ended May 31, 1964..... | 983,193 | 983,193 |
| | <u>5,759,539</u> | <u>5,759,539</u> |
| Dividends paid..... | 600,000 | 600,000 |
| Balance May 31, 1964..... | <u>5,159,539</u> | <u>5,159,539</u> |
| Total shareholders' investment..... | 5,359,539 | 6,284,539 |
| COMMITMENTS AND CONTINGENCIES (Note 2) | | |
| | <u><u>\$7,146,266</u></u> | <u><u>\$8,061,266</u></u> |
| Approved on behalf of the Board | | |
| (Signed) W. A. HARRISON, Director | | |
| (Signed) W. C. McIVOR, Director | | |

The accompanying notes are an integral part of these balance sheets.

KELSEY WHEEL COMPANY, LIMITED
And Subsidiary Company

**Notes to Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet
as at May 31, 1964**

1. The pro forma consolidated balance sheet gives effect as at May 31, 1964 to the following:
 - (i) The granting of Supplementary Letters Patent dated July 6, 1964—
 - (a) subdividing and reclassifying the 2,000 authorized shares with a par value of \$100 each (all of which were issued and outstanding at May 31, 1964) into 1,000,000 shares without par value and
 - (b) increasing the authorized capital by the creation of an additional 500,000 shares without par value.
 - (ii) The issue of 100,000 shares without par value and the sale of such shares to the underwriters for \$925,000.
 - (iii) The payment of financing expenses in connection with the share issue, which expenses have been accrued and estimated at \$10,000.
2. Commitments and contingencies:
 - (a) Outstanding commitments for capital expenditures at May 31, 1964 amounted to approximately \$200,000. The company estimates that its current capital expansion programme will cost approximately \$6,000,000.
 - (b) Under its non-contributory pension plans covering all employees, the company has agreed to make minimum annual payments to cover current and past service costs on the basis of funding such costs over a period of not more than thirty years. Unfunded past service pension costs at May 31, 1964 amounted to some \$990,000.
3. The company proposes to issue \$5,000,000 principal amount of 5 $\frac{3}{4}$ % Ten Year Serial First Mortgage Bonds pursuant to a letter agreement dated June 24, 1964. The said letter agreement provides that the deed of trust and mortgage securing the Bonds will provide that the company will not make any distribution by way of declaration or payment of dividends, redemption or reduction of capital stock, or disbursement of surplus if net current assets, as to be defined in the said deed of trust and mortgage, would be reduced below \$2,500,000 or if the aggregate of such distributions made subsequent to August 31, 1963 would exceed net earnings after income taxes, calculated in accordance with accepted accounting principles and procedures, subsequent to that date, plus an amount equal to \$600,000.

Auditors' Report

To the Directors,
KELSEY WHEEL COMPANY, LIMITED.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Kelsey Wheel Company, Limited and its subsidiary company as at May 31, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet supplemented by Notes 2 and 3 thereto, presents fairly the consolidated financial position of the companies as at May 31, 1964 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

In our opinion also, the accompanying pro forma consolidated balance sheet supplemented by Notes 1 to 3 thereto presents fairly the consolidated financial position of the companies as at the same date, after giving effect to the changes set forth in Note 1 to the balance sheets, in accordance with generally accepted accounting principles.

Toronto, Ontario,
July 24, 1964.

(Signed) TOUCHE, ROSS, BAILEY & SMART,
Chartered Accountants.

STATUTORY INFORMATION

1. The full name of the Company is Kelsey Wheel Company, Limited (hereinafter called the "Company"). The address of the head office of the Company is 309 Ellis Avenue East, Windsor, Ontario.

2. The Company was incorporated under the laws of the Province of Ontario by letters patent dated April 15, 1913. Supplementary letters patent dated September 24, 1915, November 20, 1951 and July 6, 1964 have been issued to the Company.

The said supplementary letters patent dated July 6th, 1964 provide for (a) changing and subdividing the previously authorized and issued 2,000 shares with par value of \$100 each, into 1,000,000 shares without par value and (b) increasing the authorized capital of the Company by the creation of 500,000 additional shares without par value ranking pari passu with the 1,000,000 issued shares without par value.

3. The general nature of the business actually transacted by the Company is the manufacture of wheels, hubs, brake drums and hub and drum assemblies for automobiles, trucks, trailers and agricultural vehicles.

4. The name in full, present occupation and home address in full of each of the directors and officers of the Company are as follows:

Directors

| | | |
|--------------------------------|----------------|--|
| LAWRENCE WINFIELD DOWNIE..... | Executive..... | 18671 Bretton Drive, Detroit, Michigan |
| LESTER REID DOWNIE..... | Executive..... | 19321 Sunnybrook Blvd., Lathrup Village, Michigan |
| WILLIAM ALBERT HARRISON..... | Executive..... | 251 Henkel Place, Windsor, Ontario |
| GEORGE WILLIAM KENNEDY..... | Executive..... | 32055 Bingham Road, Birmingham, Michigan |
| WILFRED DONALD MACDONNELL..... | Executive..... | 1375 Glengarry Road, Birmingham, Michigan |
| WILLIAM CHARLES McIVOR..... | Executive..... | 2226 Turner Road, Windsor, Ontario |
| WILLIAM SCOTT THOMPSON..... | Executive..... | 33 Riverview Blvd., St. Catharines, Ontario |

Officers

| | | |
|------------------------------|------------------------------------|---|
| WILLIAM ALBERT HARRISON..... | President and General Manager..... | 251 Henkel Place, Windsor, Ontario |
| CLAUDE MATHERS NASH..... | Vice-President..... | 520 Wyandotte St. E., Riverside, Ontario |
| WILLIAM CHARLES McIVOR..... | Secretary-Treasurer..... | 2226 Turner Road, Windsor, Ontario |

5. The auditors of the Company are Messrs. Touche, Ross, Bailey & Smart, Chartered Accountants, 200 University Avenue, Toronto, Ontario.

6. The National Trust Company, Limited at its principal offices in the cities of Toronto, Montreal, Winnipeg and Vancouver, is the transfer agent and registrar of the shares in the capital of the Company.

7. At the date hereof the authorized capital of the Company consists of 1,500,000 shares without par value of which 1,000,000 shares are issued and outstanding as fully paid and non-assessable.

8. All the shares in the capital of the Company rank equally as to dividends, carry one vote per share and have equal rights on liquidation or distribution of capital assets.

9. The Company proposes to create \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds (herein sometimes referred to as the "Bonds") and sell the Bonds at the principal amount thereof and accrued interest to an institutional investor pursuant to a letter agreement dated June 24, 1964 between the Company and the institutional investor. The attributes and characteristics of the Bonds have not yet been determined in final detail but the deed of trust and mortgage securing the Bonds is expected to be in a form which the Company considers to be conventional for such purposes, under which all of the Company's present and future immovable property and the shares of its subsidiary companies will be subjected to a first mortgage lien, and the undertaking and all other assets of the Company will be subjected to a first floating charge. It is anticipated that the Bonds will be dated October 1, 1964 and will mature as to \$500,000 principal amount on October 1 in each of the years 1966 to 1975 inclusive. The Company will pay the institutional investor a stand-by fee of ½ of 1% per annum on the principal amount of Bonds for which delivery is deferred from time to time, such fee to accrue from October 1, 1964 to the respective dates of delivery.

The said letter agreement provides that the deed of trust and mortgage securing the Bonds will provide that the Company will not make any distribution by way of declaration or payment of dividends, redemption or reduction of capital stock, or disbursement of surplus if net current assets, as to be defined in the said deed of trust and mortgage, would be reduced below \$2,500,000 or if the aggregate of such distributions made subsequent to August 31, 1963 would exceed net profit after income taxes, calculated in accordance with accepted accounting principles and procedures, subsequent to that date, plus an amount equal to \$600,000.

The said letter agreement is expressed to be an agreement in principle in which the institutional investor agrees to buy the Bonds from the Company, subject to satisfactory completion of all legal and other details and the other terms and conditions set out in the said letter agreement.

Apart from the foregoing, there are no bonds or debentures outstanding or proposed to be issued nor are there any other securities issued or proposed to be issued, which if issued, will rank ahead of or pari passu with the securities hereby offered.

10. There is no substantial indebtedness to be created or assumed by the Company which is not shown in the accompanying pro forma consolidated balance sheet of the Company as at May 31, 1964 except the \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds referred to in paragraph 9 hereof and except such indebtedness as may be incurred by the Company in the usual and ordinary course of its business.

11. No securities of the Company are covered by outstanding options given by the Company or proposed to be given by the Company.

12. The number of securities offered by this prospectus consists of 300,000 shares without par value and their correct descriptive title and the issue price to the public and the terms thereof are as stated on the facing page of this prospectus to which reference is hereby expressly made.

Under the letter agreement dated June 24, 1964 referred to in paragraph 9, the Company proposes to create, issue and sell to an institutional investor \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds for the sum of \$5,000,000 and accrued interest.

13. The estimated net proceeds to be derived by the Company from the issue and sale of the said 100,000 shares, being part of the shares offered by this prospectus, on the basis of such shares being fully taken up and paid for is \$925,000, less legal, auditing and other expenses in connection with the issue, which expenses are estimated at \$10,000.

14. The directors of the Company have approved an expansion program calling for the expenditure of approximately \$6,000,000 by the Company for the construction of an addition to the Company's plant at Windsor, Ontario, and the purchase of equipment for the said plant. The proceeds to be derived from the sale of the said 100,000 shares offered by this prospectus will be applied towards the cost of the expansion programme. No part of the said proceeds is to be held in trust pending or subject to the fulfilment of any conditions. The balance of the funds required to complete the proposed expansion programme will be provided from the general corporate funds of the Company and from the proposed sale of the \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds referred to in paragraph 9 hereof. The proceeds from the sale of 200,000 presently outstanding shares hereby offered, being the shares being purchased from Hayes Steel Products Limited by McLeod, Young, Weir & Company Limited as referred to in paragraph 16 hereof, will not be paid to the Company.

15. In the opinion of the directors no minimum amount must be raised by the issue of the said 100,000 shares offered by this prospectus to provide the sums, or the balance of the sum required to be provided for (i) the purchase price of any property purchased or to be purchased by the Company that is to be defrayed in whole or in part out of the proceeds of the sale of the said 100,000 shares being part of the shares offered by this prospectus, or (ii) any preliminary expenses payable by the Company, or (iii) any commission payable by the Company to any person in consideration of his agreeing to subscribe for or procuring or agreeing to procure subscriptions for any shares in the Company, or (iv) the repayment of any moneys borrowed by the Company in respect of the foregoing matters, or (v) the repayment of bank loans. Reference is hereby made to paragraph 14 hereof as to the sums available to complete the Company's expansion programme.

16. Under an underwriting agreement dated July 22, 1964, the Company agreed to sell and McLeod, Young, Weir & Company Limited agreed to buy 100,000 of the said shares in the capital of the Company and under a letter agreement dated July 22, 1964, Hayes Steel Products Limited agreed to sell and McLeod, Young, Weir & Company Limited agreed to buy 200,000 of the said shares in the capital of the Company, in the aggregate being 300,000 shares offered by this prospectus, in each case at \$9.25 per share payable in cash against delivery of the certificates in definitive form representing the said shares on or about August 25, 1964 upon the terms and conditions in the respective agreements set forth.

17. The by-laws of the Company provide for the remuneration of directors as follows:

"The remuneration to be paid to the directors shall be such as the board of directors shall from time to time determine. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company."

18. The aggregate remuneration paid by the Company during its last financial year, ended August 31, 1963, to directors of the Company, as such, was \$400 and to officers of the Company, as such, who individually received remuneration in excess of \$10,000 per annum was \$84,800. The aggregate remuneration estimated to be paid or payable during the current financial year to directors of the Company, as such, is \$1,600 and to officers of the Company, as such, who individually may be entitled to receive remuneration in excess of \$10,000 per annum is \$86,600.

19. No amount has been paid by the Company within the two years preceding the date hereof or is now payable as a commission by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company. Reference is hereby made to paragraph 16 hereof for the price at which the shares are to be sold by the Company and to the facing page for the price at which said shares are to be offered to the public.

20. The Company has been carrying on business for more than one year.

21. & 22. The Company has entered into an agreement, referred to in paragraph **27** hereof, providing for the purchase by the Company from Windsor Ice and Coal Company Limited of approximately 3.5 acres of land in fee simple and the buildings thereon adjacent to the Company's plant at Windsor, Ontario at a price of \$150,000. The Company has also entered into an agreement with Giffels Associates Limited, providing for the design and supervision of the construction of the Company's proposed new plant at Windsor, Ontario. The Company proposes to invite tenders from a number of construction companies for the construction of the said new plant. The Company also proposes to purchase the equipment and machinery required for the operation of the said new plant. Such equipment and machinery will be purchased by the Company at current prices in the ordinary course of business.

Apart from the foregoing, no property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the securities hereby offered or has been paid within the last two years preceding the date hereof or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed to the date hereof.

23. No securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash, within the two years preceding the date hereof.

24. No obligations are being offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for wholly or partly out of the proceeds of the issue of the said 100,000 shares, being part of the shares offered hereby, other than legal, auditing and other services in connection with the issue of such shares and other services to be rendered in the ordinary course of business and in connection with the Company's expansion programme referred to in paragraph **14** hereof. No services have been, within the two years preceding the date hereof, or are now proposed to be paid for by securities of the Company.

26. No amount has been paid within the two preceding years or is intended to be paid to any promoter.

27. The date of and parties to and the general nature of every material contract entered into within the two years preceding the date hereof (other than contracts entered into in the ordinary course of business) are as follows:

- (i) the underwriting agreement referred to in paragraph **16** hereof;
- (ii) an agreement, dated June 2, 1964, between Windsor Ice and Coal Company Limited and the Company, providing for the purchase, by the Company, at the price of \$150,000, of approximately 3.5 acres of land in fee simple and the buildings thereon adjacent to the Company's plant at Windsor;
- (iii) an agreement, dated May 14, 1964, between the Company and Giffels Associates Limited providing for the design and supervision of the construction of the Company's new plant; and
- (iv) a letter agreement, dated June 24, 1964, between the Company and an institutional investor, providing for the proposed issuance by the Company and purchase by such institutional investor of \$5,000,000 principal amount of 5¾% Ten Year Serial First Mortgage Bonds referred to in paragraph **9** hereof.

Copies of the foregoing agreements may be inspected during ordinary business hours at the Company's head office, 309 Ellis Avenue East, Windsor, Ontario, while the shares offered by this prospectus are in the course of primary distribution to the public.

28. The Company does not propose to acquire any property in which any director of the Company was or is interested.

29. The Company has been carrying on business for more than three years.

30. Kelsey-Hayes Company, 38481 Huron River Drive, Romulus, Michigan, is in a position to elect or cause to be elected a majority of the directors of the Company and will continue to be in such a position after the sale of the shares hereby offered.

31. No securities of the Company of the same class as those offered by this prospectus are held in escrow.

32. During the period from September 1, 1958 to the date hereof, the Company has paid the following dividends on its shares:

| Fiscal year ended August 31 | Dividends Paid |
|---|-------------------|
| 1959..... | \$300,000 |
| 1960..... | 400,000 |
| 1961..... | 300,000 |
| 1962..... | 300,000 |
| 1963..... | 300,000 |
| 1964 (to the date of this prospectus) | 600,000 |

The Company does not propose to pay any further dividends during its current fiscal year ending August 31, 1964.

33. During 1963 the Company completed the acquisition of all the issued and outstanding shares in the capital of Eureka Foundry and Manufacturing Co. Limited, which shares, in the aggregate, cost \$301,123.

34. There are no other material facts not disclosed in the foregoing.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of The Securities Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DATED this 30th day of July, 1964.

Directors

(Signed) LESTER R. DOWNIE

(Signed) LAWRENCE W. DOWNIE

(Signed) GEO. W. KENNEDY

(Signed) W. D. MACDONNELL

(Signed) W. C. McIVOR

(Signed) W. A. HARRISON

(Signed) W. S. THOMPSON

Underwriters

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of The Securities Frauds Prevention Act (New Brunswick), by Part IX of The Securities Act, 1955 (Alberta), by Part VII of the Securities Act, 1962 (British Columbia) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

by (Signed) J. H. RATCLIFFE

The following includes the names of all persons having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of McLeod, Young, Weir & Company Limited: J. H. Ratcliffe, J. S. Dinnick, H. S. Backus, F. O. Evans, C. P. Keeley, G. C. MacDonald, R. W. Wadds, J. R. Hilborn and R. J. G. Reiner.

11. **LISTING ON OTHER STOCK EXCHANGES**

None of the securities of the Company are listed on any other Stock Exchange.

12. **STATUS UNDER SECURITIES ACT**

The Shares of the Company offered in the attached prospectus dated July 30, 1964, have been qualified for sale to the public through registered brokers in all of the Provinces of Canada other than Prince Edward Island and Newfoundland.

13. **FISCAL YEAR**

The fiscal year of the Company ends on August 31st in each year.

14. **ANNUAL MEETING**

Under the by-laws of the Company, the Annual Meeting of the Shareholders shall be held at any place within Ontario or at any one or more places outside of Ontario designated by the Letters Patent or Supplementary Letters Patent issued to the Company on such day in each year and at such time as the Directors may by resolution determine.

The last Annual Meeting of Shareholders was held at Windsor, Ontario, on the 21st day of October 1963.

15. **HEAD OFFICE**

The Head Office of the Company is located at 309 Ellis Avenue East, Windsor, Ontario.

16. **TRANSFER AGENT AND REGISTRAR**

National Trust Company, Limited, at its principal offices in Toronto, Ontario, Montreal, Quebec, Winnipeg, Manitoba and Vancouver, British Columbia, is the Transfer Agent and Registrar of the Shares in the Capital stock of the Company.

17. **TRANSFER FEE**

No fee is charged upon transfers of the Shares other than customary Government stock transfer taxes.

18. **AUDITORS**

Messrs. Touche, Ross, Bailey and Smart, 200 University Avenue, Toronto, Ontario, Chartered Accountants, are the auditors of the Company.

19. **OFFICERS**

| NAME | OFFICE | ADDRESS |
|-------------------------|----------------------------------|---|
| William Albert Harrison | President and General Manager | 251 Henkel Place, Windsor, Ontario |
| Claude Mathers Nash | Vice-President | 520 Wyandotte Street, Riverside, Ontario |
| William Charles McIvor | Secretary-Treasurer | 2226 Turner Road, Windsor, Ontario |

20. **DIRECTORS**

| NAME | OCCUPATION | ADDRESS |
|---------------------------|------------|---|
| Lawrence Winfield Downie | Executive | 18671 Bretton Drive, Detroit, Michigan |
| Lester Reid Downie | Executive | 19321 Sunnybrook Blvd., Lathrup Village, Michigan |
| William Albert Harrison | Executive | 251 Henkel Place, Windsor, Ontario |
| George William Kennedy | Executive | 32055 Bingham Road, Birmingham, Michigan |
| Wilfred Donald MacDonnell | Executive | 1375 Glengarry Road, Birmingham, Michigan |
| William Charles McIvor | Executive | 2226 Turner Road, Windsor, Ontario |
| William Scott Thompson | Executive | 33 Riverview Blvd., St. Catharines, Ontario |

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

KELSEY WHEEL COMPANY, LIMITED



“W. A. HARRISON”
President

“W. C. McIVOR”
Secretary

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of capital stock as of September 1st, 1964

| Number | | | | Shares |
|--------------|---------------------|------------------|--------------------------|------------------|
| 385 | Holders of | 1— 99 share lots | | 15,635 |
| 441 | “ “ | 100—199 “ “ | | 45,325 |
| 174 | “ “ | 200—299 “ “ | | 35,715 |
| 36 | “ “ | 300—399 “ “ | | 10,850 |
| 17 | “ “ | 400—499 “ “ | | 6,900 |
| 82 | “ “ | 500—999 “ “ | | 44,785 |
| 51 | “ “ | 1000— up “ “ | | 940,790 |
| <u>1,186</u> | <u>Shareholders</u> | | <u>Total shares.....</u> | <u>1,100,000</u> |